

[12 December, 2006]

RAJYA SABHA

(B.G. Energy) to invest Rs. 90 Million dollars in India for setting up three wholly owned subsidiaries in Andhra Pradesh, Tamil Nadu and Karnataka for developing gas distribution and transmission infrastructure;

(b) if so, the latest position with regard to the project; and

(c) if not, the reason for not clearing the project as yet?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir.

(b) The approval letters have been issued on 26.9.2006.

(c) Question does not arise.

Restriction on Banks to provide loans to Capital Market

†2154. SHRI RAM JETHMALANI:

SHRI RAVI SHANKAR PRASAD:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that certain restriction have been imposed on Public Sector Banks regarding providing loans by them to capital market;

(b) if so, what are these restrictions and the reasons for imposing them; and

(c) the amount of loans given by these Banks in the years 2004, 2005 and 2006 to capital market and what is its percentage regarding total loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PAWAN KUMAR BANSAL): (a) and (b) Yes, Sir. The Reserve Bank of India has issued Prudential guidelines from time to time to regulate Banks' exposure to Capital Market. The extant guidelines applicable to all scheduled commercial Banks, *inter-alia*, provide that the total Capital Market exposure of a Bank should not exceed 5% of its total outstanding advances (Including Commercial Paper) as on 31st March of the previous year. Within this overall ceiling, A Bank's investment in shares, convertible bonds/debentures, units of equity oriented mutual funds and venture capital should not exceed 20% of its net worth. The restrictions have been imposed

†Original notice of the question was received in Hindi.

as a prudential measure aimed at better risk management and avoidance of concentration of credit risks.

(c) Exposure of Public Sector Banks to Capital Market was Rs. 7,983 crore, Rs. 12,543 crore and Rs. 13,276 crore for the years ending March 2004, 2005 and 2006 respectively, which constituted 1.21%, 1.53% & 1.24% of the total advances for the respective years.

Auto loans provided by Banks

†2155. SHRI RAJ MOHINDER SINGH MAJITHA:
DR. MURLI MANOHAR JOSHI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Public Sector Banks of the country have given maximum auto loans during the year 2006;

(b) if not, the details in this regard;

(c) the quantity of such loans provided during the years 2003, 2004, 2005 and 2006; and

(d) the percentage of such loans compared to the said total loans given by Public Sector Banks during the said period?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The outstanding amount of auto loans given by public and private sector Banks as at end March 2005 and 2006 is furnished below:

(Amount in Rs. crore)

Bank Group	Mar-05	Mar-06	Absolute change	% change
Public Sector Banks	6,485	9,382	2,897	44.7
Old Private Sector Banks	1,000	1,118	118	11.8
New Private Sector Banks	24,110	49,417	25,307	105.0

It may be observed that New Private Banks are more aggressive in the auto loan segment and account for major share of total auto loan at the system level. The Public Sector Banks have also recorded significant growth in auto loans during 2005-06. However, their absolute as well as percentage growth in the outstanding amount of auto loans were substantially lower compared to New Private Banks.

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